

Nepali Livelihoods on the Line

The World Bank's Duty to Address Harm from the
Khimti-Dhalkebar Transmission Line



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Executive Summary

The World Bank's Board of Directors must take concrete steps to repair harm caused by the Nepal Power Development Project (NPDP) and to ensure that the project complies with Bank policy. With the Inspection Panel's Report in hand, we call on the Bank to ensure that any action plan responding to Bank failures require:

- genuine **consultation**;
- **diversion of the line** in the disputed area;
- adequate **compensation** and **resettlement**;
- **prohibition on the use of armed forces** to implement the Project; and
- a rigorous **Environmental Impact Assessment** and **Resettlement Action Plan**.

The Project

In May 2003, the World Bank Board of Directors approved a US\$84.11 million loan for the NPDP. One component of the NPDP involves the construction of a high-voltage 220kV Khimti-Dhalkebar transmission line by the Nepal Electricity Authority (NEA).

The transmission line spans **75 kilometers** across five districts in central Nepal, involving construction of 60-meter high towers at intervals of 700 meters. It also imposes a 15-meter **'Right of Way'** on either side.

The impact of the project on local people is tremendous: **114,516 people** and **21,668 households** risk being affected by the Project according to the Environmental Impact Assessment prepared by the Environmental and Social Studies Department of the NEA.

Disregard of Community Concerns

Despite the Project's potential impact on over a hundred thousand lives – including those of **indigenous people** – the communities have been disregarded at all stages.



In violation of World Bank rules, the most impacted communities were **not consulted** about the transmission line's route and impacts. Community members only learned that a transmission line was being constructed over their land in 2010, even though the project planning commenced in 2002.

When communities tried to raise concerns about the project through peaceful protest, they were **met with excessive force**. The Government of Nepal deployed armed police forces in April 2013 to ensure that protests did not obstruct surveying and construction. During one protest, armed police beat local women so severely that some required treatment at a Kathmandu hospital. Despite raising their concerns to relevant government agencies and various officials in the Government of Nepal, the affected communities did not receive an adequate response or redress.

Complaint to the Inspection Panel

In July 2013, 103 indigenous and non-indigenous families in three villages of Sindhuli District filed a complaint with the World Bank Inspection Panel.

Communities questioned why they had not received information about the Project and why the Bank had **failed to consult communities** in Sindhuli District before construction began.

Communities also questioned why the World Bank and NEA did not choose alternatives that would **divert the power line away from homes and schools**, as recommended under the Bank's own guidelines.



They voiced deep concern about the **health and safety impacts** of having high voltage wires hanging over or close to their homes and schools, and sought information from independent and credible sources.

They expressed concern about the lines' **economic impacts** – land in the 15-meter Right of Way would lose value and agricultural production would suffer – and the impact on community life, with the line dividing families, friends, and the community structure.

The complaint requested an Inspection Panel investigation, calling on the World Bank to:

- **immediately stop loan disbursement and Project construction** until all affected people had been consulted about the Project's plans, impacts, rehabilitation, and mitigation measures;
- provide **independent analysis of alternative designs and routes** the Project could adopt through areas without human settlement;
- provide retroactive **compensation** for those who have already lost land and agricultural produce as a result of the Project; and
- ensure that all future studies be undertaken with full **transparency**.



The Inspection Panel's Findings

After conducting an investigation, the Inspection Panel issued its final report in February 2015. While only Bank management and the Board of Directors have seen the Panel's final report, we expect the Panel to find the following violations of the Bank's policies:

1. Non-compliance with Disclosure and Consultation Requirements

For over 10 years since the Project commenced, there was virtually no direct communication from the NEA or the Bank to affected communities, despite the communities' demand for clear information and participatory consultation. Also, no

communication materials were distributed until March 2014, and even then, these spoke about the positive aspects of the Project while failing to discuss negative impacts and risks.

2. Failure to Consider Impacts on Indigenous Peoples

The affected communities in Sindhuli District are largely indigenous communities from seven groups, comprising approximately 95 percent of the affected population. The Project's failure to consider the impact on indigenous peoples violates Nepal's international obligations under ILO Convention 169 on the Rights of Indigenous and Tribal Peoples, as well as the Universal Declaration on the Rights of Indigenous Peoples.

3. Inadequate Environmental Impact Assessment

In violation of Bank policy, the environmental assessment conducted by the NEA failed to adequately assess the potential environmental risks, impacts, and alternatives of the Project.

4. Violation of Bank Procedure on Involuntary Resettlement

The Project has subjected many indigenous and local families in Sindhuli District to physical displacement and the risk of displacement due to the construction of towers and restrictions on the use of land impacted by the Right of Way. In spite of this, only minimal compensation has been offered, and in an inconsistent manner. Under Bank policy, involuntary resettlement is to be avoided by exploring all viable alternative project designs. Where resettlement cannot feasibly be avoided, displaced persons should be consulted and given opportunities to participate in resettlement programs.

5. Failure to Create Local Grievance Mechanisms

There is an absence of local grievance mechanisms where people affected by the Project can raise their concerns.

Steps Required to Remedy the Harm

We call on the World Bank Board of Directors to take urgent steps to remedy the harm caused to communities in Nepal by the Khimti-Dhalkebar high voltage transmission line.

In order to adequately address the situation, any **action plan** must, as a minimum:

Ensure Genuine Consultation and Information Dissemination

All measures in the action plan must only be implemented after a process of widespread information dissemination and genuine consultation with the affected communities.

The rights of indigenous people must be specifically addressed in accordance with both Nepali and international law. Moreover, information must be disseminated and consultation must be carried out in an ongoing and timely fashion in a form and language understood by the communities.

Divert the Transmission Line in the Disputed Area

The Khimti-Dhalkebar transmission line must be relocated/diverted from its current location in Sindhuli District given the adverse impacts on livelihoods, potential health risks, the impact on the local economy, and effects on community life.

Provide Adequate Compensation and Resettlement Packages

Retroactive compensation must be provided to those who have already lost land and agricultural produce as a result of the Project. The Resettlement Action Plan must be updated in genuine consultation with the communities whose lives are affected by the transmission line, including those affected by the Right of Way. Resettlement packages must include land-for-land options.

Prohibit the Deployment of Armed Forces

Armed forces must not be deployed for the implementation of the Project. This will safeguard against their use of excessive force and other egregious human rights abuses.

Ensure an Independent Assessment of the Environmental and Health Risks

A rigorous and independent Environmental Impact Assessment must be conducted. This must be in addition to an independent assessment of the health risks to communities living under, or in close proximity to, the Khimti-Dhalkebar transmission line. Both of these assessments must occur in genuine consultation with the communities.

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